

Fair Brewers Excise and Economic Relief Act of 2015 (Fair BEER Act) (S. 807)

1. *Tax reform should significantly reduce much of the economic distortions that are present under the current income tax system and promote growth in our economy. It should also eliminate the anticompetitive nature of the current tax system.*

S. 807, the Fair Brewers Excise and Economic Relief Act of 2015 (Fair BEER Act) enables members of Congress to support brewpubs, microbrewers, national craft brewers, major brewers and beer importers, without picking winners and losers among a U.S. manufacturing industry that is important to our national economy. The tax burden on the industry is already steep. In 2012, the beer industry contributed more than \$49 billion in federal, state and local taxes.

2. *Tax reform should be fair.*

The Fair BEER Act creates a graduated, equitable tax structure, simplifying the tax code in a comprehensive way that serves all beer drinkers, no matter what brand they choose. The Fair BEER Act does not create new barriers to growth by altering the industry structure. The Fair BEER Act does not discriminate against any individual brewer, opens pathways to the marketplace for new brewers, and maintains significant tax advantages for the truly small brewers.

3. *Tax reform should be simple.*

The Fair BEER Act simplifies and reforms the federal beer tax in an equitable, comprehensive way for all companies that brew or import beer.

PRODUCTION RATE	TAX RATE
0-7,143 barrels	No excise tax
7,144-60,000 barrels	\$ 3.50/barrel
60,001-2M barrels	\$16.00/barrel
2M-plus barrels	\$18.00/barrel

4. *Tax reform should promote competitiveness.*

Today, more than 90 percent of all federally-permitted brewers produce fewer than 7,143 barrels. The Fair BEER Act eliminates the federal excise tax on the first 7,143 barrels for all brewers and importers, providing significant tax advantages for the overwhelming percentage of federally-permitted brewers and opening pathways to the marketplace for new brewers. At the same time,

however, the Fair BEER Act doesn't pick winners and losers in the industry. The Fair Beer Act treats all brewers and importers fairly.

5. Tax reform should provide certainty.

The Fair BEER Act provides certainty by creating a simplified and certain tax system for all companies that brew or import beer.

6. Tax reform should promote savings and investment.

The Fair BEER Act provides tax savings for all brewers and importers. For small brewers who make up 90% of the total number of brewers in this country, the savings could be as much as \$50,000 annually. These savings would allow for further investment in brewery businesses, which investment may include job creation.

7. It should put American companies on a level playing field with their foreign competitors.

The Fair BEER Act meets the so-called "national treatment" principle of the World Trade Organization's General Agreement on Tariffs and Trade 1994 (GATT 1994), because the taxes that would be imposed on imported beer would not be "in excess" of those imposed on like domestic products. Any proposal that reduces excise taxes only on beer produced by qualifying breweries located in the United States would not meet the "national treatment" principle.

8. It should be revenue neutral.

The Fair BEER Act is likely to result in an annual tax savings of \$112.67 million to the overall beer industry. If beer volumes shift either by company or as an industry, particularly as volume data from 2014 is collected, then the tax savings number could either increase or decline depending on which way the volumes shift. While the proposal is not revenue neutral on its face, it is reasonably expected to spur industry growth, which will offset the cost of the bill.